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FM AMEMBASSY HARARE  
TO RUEHC/SECSTATE WASHDC 2768  
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHUJA/AMEMBASSY ABUJA 1916  
RUEHAR/AMEMBASSY ACCRA 1912  
RUEHDS/AMEMBASSY ADDIS ABABA 2035  
RUEHRL/AMEMBASSY BERLIN 0601  
RUEHBY/AMEMBASSY CANBERRA 1312  
RUEHDK/AMEMBASSY DAKAR 1669  
RUEHKM/AMEMBASSY KAMPALA 2091  
RUEHNR/AMEMBASSY NAIROBI 4522  
RHEHAAA/NSC WASHDC  
RHMFISS/EUCOM POLAD VAIHINGEN GE  
RUEHGV/USMISSION GENEVA 1167  
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK  
RHEFDIA/DIA WASHDC  
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 000323

SIPDIS

AF/S FOR S.HILL  
ADDIS ABABA FOR USAU  
ADDIS ABABA FOR ACSS  
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN  
TREASURY FOR J.RALYEA AND T.RAND  
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN  
COMMERCE FOR BECKY ERKUL  
CIA WASHDC

SIPDIS

E.O.12958: N/A  
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [ZI](#)

SUBJECT: ZIM NOTES April 11, 2008

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[1](#)1. SUMMARY  
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Topics of the week:

- Election Results Still Pending
- Regional Engagement On Zimbabwe
- Electoral Commission Under Fire
- Post-Election Surge In Violence And Intimidation
- \*Zimbabwe Dollar Dives
- Punitive New Income Tax Bands, Higher Rates, And Steep Increase In Social Security Deduction
- Wheat/Barley Farmers Still Awaiting Payment For 2007 Crop
- Delta Beverages Warns Of Unviable Prices
- Corrigendum

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[1](#)2. Price Movements-Exchange Rate  
and Selected products  
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\*Parallel rate for cash shot to ZW\$65million:US\$1;  
Bank transfer rate: Z\$73 million; official rate: ZW\$30,000:US\$1

Sugar rose to Z\$90 million/2kg vs. controlled price of  
Z\$8million/2kg

\*Cooking oil increased to Z\$110 million/750ml vs. controlled price  
of Z\$9.3million/750ml

Petrol and diesel moved to Z\$90 million/liter vs. controlled price  
of Z\$60,000/liter

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On the Political/Social Front  
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3.Election Results Still Pending ... As Zimbabwe ends its second week without the announcement of official results in the March 29 presidential election, rumors of runoffs, recounts and reruns continue to swirl. The Herald reported today that the Zimbabwe Electoral Commission (ZEC) had taken the position it could not announce presidential election results until the completion of the court hearing on the MDC's application to compel the ZEC to announce results. The hearing ended yesterday; the judge presiding over the case indicated he would give his judgment on the morning of April 14.

14. Regional Engagement On Zimbabwe... In advance of the April 12 emergency SADC summit on Zimbabwe to be held in Lusaka, Zambia (see Lusaka 412), the MDC spent much of the week on a regional diplomatic tour, appealing to Zimbabwe's neighbors for assistance in concluding the election. MDC presidential candidate Morgan Tsvangirai, met with South Africa's ANC president Jacob Zuma and President of Botswana Ian Khama (see Gaborone 264). Tsvangirai reportedly plans to travel to Mozambique to meet President Armando Guebuza before arriving in Lusaka for the SADC summit and a meeting with Zambian President and SADC Chairman Levy Mwanawasa. The Zimbabwe Independent reported that Mugabe also planned attend this weekend's summit, equipped with a "dossier" defending the delay in releasing results and ZANU-PF's calls for a recount. Meanwhile, MDC Secretary General Tendai Biti held a press conference in South Africa to announce that the MDC would not participate in a runoff, contending that Tsvangirai won the presidential contest outright. The MDC made similar claims in previous elections, including the March 29 contest, before ultimately deciding to participate and many believe the MDC is once again posturing.

15. Electoral Commission Under Fire... The Zimbabwe Electoral Commission (ZEC) has drawn a spate of criticism for disbanding its

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central command center, where votes from the March 29 election were being counted, in favor of returning to its main offices. The move comes amid calls for results to be released by the international community and ongoing deliberation by the High Court on an MDC petition for the court to compel ZEC to release their results. ZEC claims that it is continuing to count votes and has not yet begun the verification process. Under fire from both sides, several ZEC officials and poll workers have been arrested by the Mugabe regime for allegedly prejudicing results for the MDC. See Harare 313.

16. Post-Election Surge In Violence And Intimidation... We have received reports from around the country of intimidation and violence against opposition supporters, civil society and white farmers in the past week. For example, one ZANU-PF dissident reported that command centers run by off-duty soldiers had been established in rural areas to coordinate attacks, and that his own properties had been looted (see Harare 317); while a newly elected MP raised concerns that war veterans and ZANU-PF youth militia were reassembling in his province, causing fear amongst his constituents. In addition to threats and beatings targeting election observers and party agents, as many as 45 white-owned farms were seized in the days following the election, again by war veterans and ZANU-PF youth militia (see Harare 314). These reports track with MDC Secretary General Tendai Biti's public reports of the "militarization" of the countryside by ZANU-PF; Biti claims that security forces have been systematically deployed by the Mugabe regime to force a ZANU-PF win in the event of a runoff (see Harare 313).

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Economic and Business News  
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17. \*Zimbabwe Dollar Dives... After having maintained its value for the past three weeks, the local currency swooned on the parallel market these last days, losing half its value on the street in one week. We hear from bankers that the Reserve Bank of Zimbabwe, a major parallel market player, has returned to the forex market, apparently with a bursting wallet.

18. Punitive New Income Tax Bands, Higher Rates, And Steep Increase In Social Security Deduction... The GOZ announced last week punitive new income tax bands and an increase in the tax rate for

the highest bracket, i.e. for those earning over Z\$5 billion/month (that's about US\$77/month), effective April 1. On top of those deductions come a 3% AIDS Levy, pension deductions that range from 5-8%, and a huge increase in the National Social Security Authority (NSSA) deduction that works out to Z\$150 million/month for employees and employers alike on wages and salaries of Z\$5 billion/month.

¶9. Wheat/Barley Farmers Still Awaiting Payment For 2007 Crop... The Commercial Farmers' Union (CFU) reported last week that the vast majority of growers were still waiting for the hard currency portion of their payment for last year's winter wheat and barley crops. The CFU suggested that the delays in payment would discourage farmers from growing wheat, which is primarily grown by commercial farmers, this approaching season.

¶10. Delta Beverages Warns Of Unviable Prices... The Herald reported today that Delta Beverages could stop producing carbonated soft drinks and cut off the production line if prices are not reviewed to economic levels. The state-owned newspaper quoted an approved selling price of less than Z\$10 million while apparently it costs Delta Z\$22 million to get the product (content only) off the production line.

¶11. Corrigendum... In last week's Zim Notes, an error crept into our calculation of the value of the just-released Z\$50 million note - it was worth US\$1.16 at issuance, not 58 US cents. However, a

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week later, its value on the street has already tumbled to about 75 US cents.

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